MANITOBA

DISCUSSION PAPER ON

SOUTH AFRICA

JULY 1986

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Introduction

On June 12 the Hon. Joe Clark, External Affairs Minister, announced in Parliament a new set of measures taken by the Canadian Government to oppose the apartheid policies of South Africa. On the same day, he sent a telex to all Premiers in which he drew attention to the new policy of banning federal government procurement of South African goods, and invited Premiers to take parallel action in their own jurisdictions. Mr. Clark added: "We are now looking toward and planning for the Commonwealth meeting in London in August. If you have any comments on the measures we shall want to review in the Commonwealth Accord, I shall be happy to hear from you."

In Manitoba, as elsewhere, there has been a great deal of public interest and concern over recent events in South Africa, and concern too over the measures which Canadians can take to help change the policies of apartheid. On June 12 the Government of Manitoba, supported by all members of the Legislature, responded immediately to Mr. Clark's telex by expressing strong approval for the federal government's actions and announcing a supportive policy for provincial government procurement. As a response to Mr. Clark's invitation for comment, Manitoba is sending this discussion paper to Canadian governments in the hopes that it can help foster discussion and a degree of consensus on Canada's continued opposition to apartheid.

1. Overview and Situation Summary

The historical and moral dimensions of apartheid can be bluntly stated. The policy of racial separation was introduced after the Afrikaner majority seized power within the South African white community in 1948. It is held in place by laws decreeing that who one may marry, where one may live, whether one has a right to own property, seek a job, receive an education or the range of necessary social services all depends on one's colour. The vision of two pastoral solitudes, by which the policy was first justified, has from the start been a cruel and empty promise because blacks in South Africa were never given enough or good enough land on which to earn a living. In any event, the burgeoning prosperity of the white community under apartheid has been fueled by cheap black labour. The desperation of the blacks and the economic appetite of the whites force the two communities into a close relationship -- as close as the law will permit. The official fable of separate "homelands" gives way to the realities of enormous shanty towns, like Soweto, perched on the fringes of white cities; or else small villages of grass huts tucked into the back corners of thriving white farms. These stark contrasts form the elemental fabric of South African politics, and none of the legal tinkering of the past two years has made any alteration. Rather, what has finally changed is the ability of the white regime to contain black anger by systematically imprisoning, exiling or killing black leaders. In 21 months of heightened unrest the security forces of the regime have received escalatig powers to keep order in the townships. They have killed some 1,200 people, and, under the recent June 12 declaration of emergency powers, rounded up another 2,400 dissident leaders from churches, unions, and black communities. The "security" measures have taken on international scope, as the South African military has launched repeated raids into bordering territories -- both to intimidate its neighbor States and to disrupt the organization of its own armed exiles.

The rush of events has prompted a flurry of debate in the international community. South Africa has by now become hardened to outraged world opinion, and to the range of cultural and sporting boycotts which the world has imposed. As the violence in South Africa escalates, nations which remain linked to the apartheid regime only by the international flow of trade and investment, are contemplating the severance of this last vital tie as the only measure now left to them. Black leaders, such as Bishop Tutu, Reverend Bosaek and Oliver Tambo, who are acknowledged to carry majority black support in South Africa, are now calling for such sanctions. The response to this call has varied among Western nations, from the total economic boycott observed by Denmark to the heavy reluctance of Great Britain to sacrifice its $18 billion worth of South African investment. Canada appears to stand somewhere in the middle of this spectrum, with its "measured" set of actions, gestures and voluntary curbs. The volume of our commerce with South Africa is not great, but the international leadership which Canada has shown in the past on this issue, and our reputation within the Commonwealth and the U.N., suggest that the position which we arrive at will have reverberations out of proportion to our modest economic clout.

2. The Eminent Persons Group

In evaluating the recent interaction of the South African government with the international community, great emphasis should be placed on the experience of the Commonwealth Group of Eminent Persons. The Group was formed to help heal rifts within the Commonwealth itself. The African Commonwealth nations have been dismayed by the reluctance of some members, notably Great Britain, to place economic pressures on the South African regime with a view to ending the policies of apartheid. The attempt to reach consensus within the Commonwealth has only slowed the impetus towards effective pressures and left it outflanked by the more progressive governments of western Europe and Scandinavia. At the October 1985 Conference in Nassau the Commonwealth nations could only agree to a short list of economic sanctions, the bulk of them already adopted by most member countries, and to the formation of an Eminent Persons Group which would travel to South Africa to encourage dialogue in pursuit of a set of "urgent objectives:"

a) A government declaration that the system of apartheid will be dismantled, and specific and meaningful action taken in fulfillment of that intent;

b) Termination of the existing state of emergency;

c) The immediate and unconditional release of Nelson Mandela and all others imprisoned and detained for their opposition to apartheid;

d) The establishment of political freedom and specifically a lifting of the existing ban on the African National Congress and other political parties;

e) Initiation, in the context of a suspension of violence on all sides, of a process of dialogue across lines of colour, politics and religion, with a view to establishing a non-racial and representative government.

If, according to the Nassau Accord, progress had not been made towards these objectives within six months, then the Commonwealth nations would consider more significant steps at their meeting on August 3rd to 5th, 1986 in London.

The six month period of study is at an end, and the Eminent Persons Group has issued a report which despairs at the prospect of a negotiated settlement within the forseeable future. The major obstacle to reform is that "at present there is no genuine intention on the part of the South African Government to dismantle apartheid." Indeed, the Group detected among government leaders a disturbing tendency to see the current upheavals in strategic terms -- as a test of strength which pits the numerical advantage of the blacks against the superior armaments of the white regime: "We were repeatedly told by Ministers that the Government had deployed only a fraction of the power at its disposal."

Frustrated at what it describes as the South African Government's "obduracy and intransigence," the Eminent Persons Group forecasts "an even sharper decline into violence and bloodshed with all its attendant human costs." The pattern of the government's response to unrest, which includes a loosening of controls on the police and militia and a systematic rounding-up of black leaders, ensures that local resistance movements will become ever more violent, anarchic, and unpredictable. The armed resistance, headquartered in neighboring countries, cannot be expected to forbear from attacking "soft" civillian targets within South Africa, thus inviting cross-border retaliation and an expanding field of engagement. Only concerted action by the international community can now avert "what could be the worst bloodbath since the Second World War."

The Eminent Persons Group emphasizes that this "last opportunity" for international pressure must take the form of economic measures: "We are convinced that the South African Government is concerned about the adoption of effective economic measures against it." They are not specific about the measures which are needed, but refer to the Nassau declaration which pledged the Commonwealth nations to consider, in the event that "adequate progress" was not made in the six months period, "the following steps among others:

a) a ban on air links with South Africa;

b) a ban on new investment or reinvestment of profits earned in South Africa;

c) a ban on the import of agricultural products from South Africa;

d) the termination of double taxation agreements with South Africa;

e) the termination of all government assistance to investment in, and trade with, South Africa;

f) a ban on all government procurement in South Africa;

g) a ban on government contracts with majority-owned South African companies;

h) a ban on the promotion of tourism to South Africa."

The accord envisaged "further effective measures" if those listed "fail to produce the desired results within a reasonable period."

The Eminent Persons Group provides a sound framework of reference for discussion of a Canadian position on economic measures against South Africa. Although the Groups' report is similar to several now published by various study teams and institutes, it carries more authority because of the eminence of the members and their ability to meet with all the principal players in the current upheaval -- with ANC, UDF and black labour leaders; with Prime Minister Botha and his Cabinet; with liberal white and "moderate" black leaders; and with Nelson Mandela. Moreover, the unanimous

report of the Group has the authority of the Commonwealth - the international grouping which includes a great many of South Africa's African neighbours, as well as her largest trading partner. Canada's unilateral action in regard to South Africa could have only a very minimal significance; but Canada's ability to lead or foster the concerted action of the Commonwealth could prove highly significant. (The potential significance of a strengthening of Canada's opposition of apartheid was apparently acknowledged by South Africa when, last year, an internationally-respected CBC-TV reporter was one of the first journalists to be expelled from the country. It is not known if External Affairs protested the expulsion of Mr. Brian Stewart, now with NBC News in the U.S.) It is therefore desireable, as Prime Minister Mulroney has noted, that Canada undertake its own economic measures and develop its own statements on apartheid with a view to building a consensus position within the Commonwealth. It is just as clear that this consensus must be a progressive one if the Commonwealth is to survive; several African nations have threatened to leave this historic association if it cannot bring itself to act decisively on the issue of aparthied.

3. Canada's Response to Apartheid

In 1961, Prime Minister John Diefenbaker successfully urged a meeting of the Commonwealth nations to denounce the policy of apartheid. It was this bold act which started what Prime Minister Mulroney has recently called "the tradition of leadership by successive Canadian governments in this very important issue of dismantling apartheid." In 1978, External Affairs Minister Don Jamieson responded to the 1976 imprisonment and murder of black student leader, Stephen Biko, by introducing a voluntary Code of Conduct for Canadian companies operating in South Africa. More recently, External Affairs Minister Joe Clark has responded to the current upheavals and police actions in South Africa by introducing two sets of measures. The first, summarized in the House on September 13, 1985 included:

1) Abrogation of agreements with South Africa to avoid double taxation on trade

2) Ending of market development and global insurance policies for South Africa administered by the Export Development Corporation

3) Tightening application of the U.N. arms embargo so as to include a broad range of high technology items

4) Ending of the custom of processing Namibian uranium in Canada once current contracts expire

5) Urging a voluntary end to the sale of Krugerrands in Canada

6) Urging a voluntary ban on Canadian bank loans to South Africa

7) Establishment of a $1 million fund for aid to families of political prisoners and detainees in South Africa

8) Urging a voluntary ban on the sale of crude oil and refined products to South Africa

9) An embargo on air transport between South Africa and Canada

10) Appointment of an officer for labour issues to the embassy in South Africa

11) Appointment of Mr. Albert Hart as Administrator of the Code of Conduct for Canadian companies operating in South Africa

12) A tripling of Canadian aid earmarked for the education and training of South African blacks

13) A registry for voluntary measures which Canadian provinces, municipalities, and private institutions have taken against apartheid.

Mr. Clark noted with approval the actions of several provincial governments which have refused to purchase certain South African goods, and the actions of Canadian unions in response to apartheid.

On June 12, 1986, Mr. Clark introduced a second set of measures:

1) A ban on the promotion of South African tourism in Canada

2) An end to government procurement of South African products

3) $2 million more towards the education and training of blacks in South Africa

4) Removal of the accreditation of four South African attaches.

Mr. Clark characterized these as "measured steps... designed to maintain the effectiveness of a Commonwealth we value, and to keep Canada in the forefront of those who oppose apartheid." Further, "these measures do not rule out further steps in the near future. On the contrary, they portend more severe measures, if the South African Government intends to refuse to enter a dialogue except on its own narrow terms."

4. The Case for Economic Sanctions

> "We point to the fact that the Government of South Africa had itself used economic measures against its neighbours and that such measures are patently instruments of its own national policy. We are convinced that the South African Government is concerned about the adoption of effective economic measures against it. If it comes to the conclusion that it would always remain protected from such measures, the process of change in South Africa is unlikely to increase in momentum and the descent into violence would be accelerated. In these circumstances, the Eminent Persons conclude that the cost in lives may have to be counted in millions." - The Commonwealth Report, as quoted by the Hon. Joe Clark, June 12, 1986.

The link between South Africa's economic health and the political will of her white minority should not be underestimated. The National Party's appeals to Afrikaner nationalism are lost on the portion of the white community -- nearly half -- which has British roots. A great many whites owe their national loyalties to the simple fact that their urban enclaves enjoy the world's highest standard of living. The economic downturn due to the current upheavals has led to a steady exodus of white professionals and managers -- some 12,000 whites left the country last year compared to just 6,000 in 1984. With high inflation, a declining currency and an accelerated withdrawal of nervous foreign companies, the rate of white emigration has now reached 3,000 per month.

This exodus, while it offers a perspective on the "staying power" of the white community, does not forebode the collapse of the South African economy. Undiminished exports of gold, platinum, diamonds, and agricultural products assure South Africa of a continued healthy trade surplus. The "non-political" or "informal" disinvestment of the last several years, although dramatic, may well level off once the companies with modest financial returns have pulled up stakes. South Africa's sizeable foreign debt (ninth largest in the world) creates an ongoing need for foreign exchange through trade. This is the achilles heel of the economy, which has yet to be properly targetted by the international community. And this is the area where the South African government and business community feel most vulnerable to outside pressure. It has for many years been illegal for South Africans to advocate disinvestment or sanctions abroad; and under the recent state of emergency, the crime of "subversion" is defined to include any statements that may be taken to promote sanctions or disinvestment. The Commonwealth Eminent Persons Group confirmed what many other analysts have reported: that the South African regime has a great fear of the effects which international trade sanctions would produce.

Whether this fear of sanctions means that they can be used to bring about reform is far from certain. The leaders of South Africa's three largest trading partners -- Great Britain, West Germany and the U.S. -- have resisted sanctions on the grounds that they would not lead to any certain result. Indeed, this has emerged as virtually the sole argument of those opposed to sanctions, since it now appears churlish and paternalistic, to say the least, to argue that blacks will suffer the most from sanctions while so many blacks are right now dying, and while their leaders call repeatedly for economic measures. British Prime Minister Margaret Thatcher has expressed great concern for the effects of sanctions on black unemployment, but her remarks should be balanced by the Eminent Persons assertion that black unemployment is a conscious policy of the South African government (a pool of foreign labour, estimated now at 1,350,000 migrant workers, is used to depress the general wage level.) And the argument of the U.S. administration that the presence of foreign companies enables the international community to remain "engaged" in South Africa has been undermined by the finding (reinforced by Mr. Albert Hart's report) that many foreign companies have exploited and perpetuated apartheid policy through unfair labour practices. This, then, leaves the anti-sanctions lobby to offer a counsel of despair: a skepticism that sanctions can bring about change in South Africa while, admittedly, no milder forms of diplomacy have worked either.

The argument in favour of tougher sanctions has by now won over the majority of nations and even the majority opinion in nations whose leaders continue to oppose them. The argument is not that sanctions will lead in some controlled way to negotiated settlement, only that they add pressure towards the changing of a desperate situation. The imposition of sanctions would administer a shock to a white community which is buffered and solaced by its continued prosperity. It would express more concretely the solidarity of the international community with the black majority in South Africa, and demonstrate respect for the pleas of their leaders. Finally, it would reassure the general public that they were not, in their roles as consumers and investors, supporting a regime which they find morally repugnant.

Each week the ranks of those who call for full and immediate sanctions swells, contributing to the impression that a small group of western leaders is holding back a veritable tide of pro-sanction public opinion. In the U.S. this lobby has been joined by an overwhelming majority in the House of Representatives; in Canada by the unanimous opinion of the Special Joint Senate and Parliamentary Committee on Canada's International Relations; and in Britain by the General Synod of the Church of England. As previously noted, leaders of African Commonwealth Nations, and leaders of the South African black community, have come to view the sanctions issue as a vital test of the commitment and credibility of the international organizations to which they belong. The Commonwealth, in particular, may not receive another chance to act convincingly if it fails to do so next month.

5. Manitoba's Position

There has been a great deal of support amongst Manitobans for measures to express opposition to the policies of the South African government. Last Summer, Manitoba was one of the first provinces to order its Liquor Control Commission to end all purchases of wine and spirits from South Africa. Recently it was decided that any profits from the sale of stock previously purchased will be placed in a trust fund for use by the Manitoba Coalition Against Apartheid -- a union of 44 private groups. It was also announced recently that the Manitoba Government will formalize its policy of refusing to purchase any goods or services from South African sources.

Admittedly these measures will have a limited impact on the government of South Africa, and it will be necessary to look at further measures which Manitobans and the Manitoba government can take to oppose apartheid. Not the least of these measures is to support the federal government in the measures which it has taken, and to urge it to take steps to reestablish Canada's leadership of Commonwealth and World opinion towards South Africa. Manitoba has urged that a federal-provincial Ministers' meeting be convened to follow up Mr. Clark's June 12 request for provincial comment, and help coordinate Canada's position prior to the August Commonwealth Conference. On June 12, Premier Howard Pawley told the Legislative Assembly that "the policy of apartheid is immoral and intolerable. The Government of South Africa, which continues to practice it, is cowardly, and worthy only of contempt." While welcoming the action taken that day by

the federal government, the Premier added that "Canada has a proud tradition of speaking out for social justice in the world" and "the federal government has a clear resposibility to take a stronger leadership position on this issue in the Commonwealth and with our other allies." In response, the Leader of the Opposition asserted that "This is a non-partisan issue; this is an issue in which all political parties in Canada and Manitoba, stand united in expressing their abhorrence, in expressing their oppostion to the policies of apartheid in South Africa." If Manitoba's position can be stated briefly, it consists of strong support for the measures the Canadian government has so far taken to oppose apartheid, and a belief that even stronger measures will need to be taken quickly if Canada is to lead the response to the latest policy changes in South Africa and the Report of the Eminent Persons Group.

It is important to note that the Hon. Joe Clark has not ruled out such stronger measures -- indeed, he anticipates that stronger measures will be called for. However, the measures announced on June 12 do not reflect the desperation and urgency of the situation in South Africa, as characterized by the Eminent Persons' Report. Neither do they reflect the judgement of a great many observers, including the Eminent Persons, that the South African government has thrown over the option of negotiation and progress towards majority rule, and focussed instead on police and military repression. The Eminent Persons "failed" in their attempt to achieve even one of the objectives which were included in their mandate, and according to the Nassau agreement that failure must now trigger the consideration of further measures by the Commonwealth nations. Much to Canada's credit, and in line with our traditional role of leadership on this issue, the government acted immediately on the report of the Eminent Persons, and has already invoked five of the eight measures specifically mentioned in the Nassau agreement. In Manitoba's view, however, an appropriate response to the arguments and urgent tone of the report would be to invoke, at minimum, the entire list of specified measures. These must include, then:

a) a ban on new investment or reinvestment of profits earned in South Africa;

b) a ban on the import of agricultural products from South Africa;

c) a ban on government contracts with majority-owned South African companies.

In addition to the specified measures, the Nassau agreement promised that the Commonwealth Nations would consider other steps as well in the event that the Eminent Persons Group failed to make progress. An obvious further step, in Manitoba's view, would be to:

d) make mandatory the voluntary Code of Conduct for Canadian companies operating in South Africa.

The guidelines and review mechanism for the Code are already in place, but, as the first report of Mr. Albert Hart has revealed, some of the largest Canadian companies operating in South Africa have ignored the Code. They are paying less than subsistence wages to their black employees, thus contributing to the racial disparities in standards of living and opportunities which are the root evil of apartheid.

In addition to these measures, which are dictated by Canada's continued support for the Nassau agreement and the Eminent Persons Group, and by our desire not to allow Canadian companies to exploit the laws of apartheid, Manitoba would also support:

e) a mandatory end to Canadian bank loans to South Africa;

f) an increase in Canadian aid for impoverished blacks in South Africa;

g) a broad trade embargo similar to that passed by the U.S. Congress;

h) encouragement and support for efforts to overcome South Africa's policy of media censorship.

These measures, it should be noted, would leave intact Canada's diplomatic presence in South Africa. And all of them -- indeed all of Canada's measures to date -- could be invoked with the express understanding that they will be lifted should the South African government implement the reforms listed in the Nassau agreement. It is in this way that Canada can maintain a presence and a concern for South Africa while satisfying Canadians that we have taken strong measures to increase the pressure for reform.